

Employers' Costs and Charges - continued

In general, you may charge more than one fee from the same paycheck if you send in the withholdings to separate addresses or with separate documentation. For example, you may charge two separate fees if you withhold child support and withhold R&D fees from the same paycheck. You may not charge separate fees for two or more withholdings the same paycheck if the withholdings are all remitted to the Wisconsin Support Collections Trust Fund with the same documentation.

Withholding Notices

You may receive income withholding notices from:

- **A Wisconsin court or child support agency**
The notice may be sent by mail or Fax.
- Or -
- **A court or agency in another state**
Other states' courts or child support agencies may issue income withholding notices directly to you or to your registered agents in their state.

When you receive an income withholding notice, you should provide a copy to the affected employee, and withhold and forward the funds according to the terms of the notice.

Please Note: the employee has the right to contest the withholding by notifying the child support agency, but you must obey the withholding notice while the appeal is pending, unless directed differently by the court.

Income Definitions

Gross income includes all of the employee's income from all sources **before** mandatory deductions for federal, state, local, and Social Security taxes are deducted.

Gross income also includes employee contributions to any employee benefit program or profit-sharing and voluntary contributions to any pension or retirement account whether or not the account provides for tax deferral or avoidance.

Disposable income is that part of the earnings of the employee remaining **after deducting** federal, state, and local withholding taxes, and Social Security taxes. Deductions for Individual Retirement Accounts, medical expense accounts, etc., do not reduce disposable income.

Withholding Amounts

Support obligations may be stated as a:

- Fixed-dollar amount (e.g., \$50 a week)
- Percentage (e.g., 17% of gross income)
- Combination of a percentage with an additional fixed-dollar amount
- Combination of a percentage with a fixed-dollar amount minimum
- Combination of a percentage with a fixed-dollar amount maximum

Withholding Limits and Priorities

Withholding limitations for an employee are stated on the notices to withhold that you receive.

You are legally obligated to withhold the amount ordered by the court. The income withholding notice you receive might instruct you to limit the amount of withholding to the limits under the federal Consumer Credit Protection Act (CCPA). If you cannot withhold the ordered amount in full because the withholding would exceed the CCPA limit, withhold the amount up to the CCPA limit, notify the agency listed on the withholding order/notice, and, as always, include the amount of the employee's gross income. The employee is still responsible for any difference between the CCPA limitations and the court order. The employee may voluntarily agree to have the full amount withheld. CCPA limitations are:

- 50% of disposable income if the payer has an intact family living with her or him (a spouse and/or child) and has no arrears.
- 55% of disposable income if the payer has an intact family living with her or him (a spouse and/or child) and has arrears.
- 60% of disposable income if the payer has no intact family (a spouse and/or child) living with her or him and has no arrears.
- 65% of disposable income if the payer has no intact family (a spouse and/or child) living with her or him and has arrears.

CCPA limits affect the withheld amount for the R&D fee and medical support, as well as, employees with more than one support order. If your employee has one or more Wisconsin income withholding notice, only withhold up to the applicable CCPA limit, see example 3. If your employee has income withholding notices from more than one state, you may need to prorate the amounts withheld under the limits, see example 6.

Limits of Health Insurance Premiums

The cost of adding the children to an existing policy **or** the difference between the self-only and family plan should not exceed 5% of the employee's gross monthly income. See the *National Medical Support Notice* brochure for details.

Priority for Withholding Medical Support

If the total amount of withholding exceeds the CCPA limits and the employee is ordered to pay health care premiums, you should follow the set priorities to determine the withholdings. See example 4. The priorities are:

1. Current child support
2. Current spousal support
3. Health insurance premiums or current medical support
4. Past-Due Support
5. Past-Due Spousal Support
6. Past-Due Medical Support
7. R & D Fees
8. Other Fees and Costs as Specified (e.g., genetic testing, court costs)

Special Form and Procedures for Withholding R&D Fees

If your employee owes unpaid R&D fees, you will receive a special R&D fee income withholding notice up to three times a year (spring, summer, and fall). This notice includes an R&D Withholding (only) form. The form is pre-printed with the employee's name, KIDS PIN, Social Security number, and the amount of R&D fee the employer should withhold. The R&D Withholding form is different from the usual Employer Withholding Coupon/List. The two items **are not interchangeable**.

R&D fee withholding requirements:

- You are required by law to withhold unpaid fees from the next payroll, or as soon thereafter as practicable. There must be strong justification for any delay beyond the next payroll.
- R&D withholdings may be impacted by the CCPA limits. Withhold the R&D fees after all other support orders.
- If you cannot withhold the full amount of the R&D fee from this payroll, submit only the amount of the R&D fee that is allowed under the CCPA limits, see example 5.

Income Withholding Notices from Other States

When you receive an income withholding notice from another state, and the employee's principal state of employment is Wisconsin, you should comply with Wisconsin laws for determining the following:

- The employer's fee for processing an income withholding order/notice
- The maximum amount that may be withheld from the employee's income
- The time frames within which the employer must implement the support order and forward child support payments to the issuing state
- The priorities for withholding and allocating income withheld if an employee has multiple support withholding notices

A Wisconsin employer who complies with an income withholding notice issued by another state in accordance with the Uniform Interstate Family Support Act cannot be held liable for withholding support from an employee's income.

A Wisconsin employer who willfully fails to comply with an income withholding notice issued by another state is subject to the same penalties that may be imposed for noncompliance with a notice issued by a Wisconsin tribunal.

The federal Office of Child Support Enforcement has developed a standard order/notice of income withholding to facilitate uniform processing of interstate income withholding.

Calculators for withholding amounts and priorities are online at:

childsupport.wisconsin.gov

Calculating Income Withholding Amounts

Example 1

Calculating withholding amount for a percentage order with an additional dollar amount for child's health care premium

- Income Withholding Notice: 17% of gross income, plus health care for child
- Gross income for the weekly pay period is \$500, disposable income is \$350
- CCPA limits is 60% ($60\% \times \$350 = \210)
- Health care premium is \$50/week
- Calculation:

\$500 x 17%	=	\$85
\$50 premium	=	+ \$50
- Income withholding is \$135

Example 2

Calculating withholding amount for a percentage order with a fixed dollar amount minimum

- Income Withholding Notice: 17% of gross income, but not less than \$50 per week
- Gross income for the biweekly pay period is \$500
- Calculation:

Percentage of gross income amount	\$500 x 17% = \$85
Fixed sum amount is \$50 per week x 2 weeks = \$100	
- Compare the two amounts (\$85 vs. \$100)
- Withhold the greater amount (\$100)

Example 3

Calculating withholding amount for two fixed-amount orders within CCPA limits

- Income Withholding Notice 1: \$125 per week
- Income Withholding Notice 2: \$95 per week
- Gross income for the week is \$500
- Total amount due per Notices: $\$125 + \$95 = \$220$ per week
- Disposable income is \$420
- CCPA limit is 50% ($50\% \times \$420 = \210)
- Withhold: only \$210

Example 4

Calculating withholding amount for child support, insurance premiums, and past-due support within CCPA limits and withholding priorities

- Income Withholding Notice for pay period totals \$250:

\$150 for current child support
\$50 for health care premium
\$75 for past-due child support
- Gross income is \$500
- Disposable income is \$420
- CCPA limit is 55% ($55\% \times \$420 = \231)
- Withhold:

Full \$150 for current child support
Full \$50 for health care premium
Only \$31 for past-due child support

Example 5

Calculating withholding amounts within CCPA limits for a fixed-dollar amount order and a withholding for R&D Fees for same pay period

- Income Withholding Notice for pay period is \$100
- R&D withholding notice: \$65
- Gross income for the pay period is \$250
- Disposable income is \$205
- CCPA limit is 60% ($60\% \times \$205 = \123)
- Withhold:

Full \$100 for support
Only \$23 for R & D fee

Example 6

Calculating withholding amounts for two states within CCPA limits when both notices/orders are for fixed dollar amounts.

- Wisconsin Notice: \$200 per month
- Minnesota Notice: \$350 per month
- Gross income is \$900/month
- Total amount due per Notices: $\$550$ ($\$200 + \350)
- Disposable income is \$750/month
- CCPA limit is 55% ($55\% \times \$750 = \412.50)
- Calculation:

WI Notice is 36% of total ($\$200 \div \550)
MN Notice is 64% of total ($\$350 \div \550)
- Prorated amount for WI Notice 36% of $\$412.50 = \148.50
- Prorated amount for MN Notice 64% of $\$412.50 = \264

Questions?

Contacts

- For questions about calculating the amounts to withhold, contact the county/tribal child support agency that issued the withholding notice. Contact information is listed on the withholding notice and online at childsupport.wisconsin.gov.
- For questions about your Employer Withholding List/Coupon, please call the Wisconsin Support Collections Trust Fund, weekdays 8:00 AM to 5:00 PM (CST), at:
414-615-2581 (Metro Milwaukee)
1-877-209-5211 (outside Metro Milwaukee)
1-877-209-5209 TTY
- For questions about electronic funds transfer, please call the Trust Fund weekdays 8:00 AM to 5:00 PM (CST), at:
414-615-2422
- For questions about withholding R&D fees, please call the R&D information line, weekdays 8:00 AM to 5:00 PM (CST), at:
414-615-2585.

More Information

The Wisconsin Employer Guides below are available free from your child support agency and are online at childsupport.wisconsin.gov. Child support agencies are listed in the phone book under "county government" or tribal name and online at childsupport.wisconsin.gov.

- Employer's Overview of the Wisconsin Child Support Program
- Guide to Submitting Withholding Payments
- National Medical Support Notice

Online

- Employers Guide to Child Support and withholding calculators at childsupport.wisconsin.gov
- New Hire Reporting for Wisconsin Employers at dwd.wisconsin.gov/uinh/

DF is an equal opportunity employer and service provider. If you have a disability and need to access this information in an alternate format, or need it translated to another language, please contact (608) 266-9909 or the Wisconsin Relay Service (WRS) -711 TTY (toll free). For civil rights questions, call (608) 422-6889 or WRS-711 TTY.



Wisconsin Employers' Guide to Income Withholding

An important component of the Wisconsin Child Support Program is the state statutory requirement that all orders for child support, maintenance, and family support include a provision for immediate income withholding by the payer's employer. Income withholding is required whether or not the individual is delinquent in making payments. A court order for child support constitutes an assignment to the agency designated to receive payments of all income, including commissions, earnings, salaries, wages, pension benefits, and other money due or to be due in the future. Courts or their designated agents must notify employers of the amount of support to be withheld from income.

Current obligations, past-due support (arrears), and annual receipt and disbursement (R&D) fees are subject to income withholding.

Income withholding for child support has priority over any other legal process (e.g., a garnishment) against the same income. However, federal tax levies in effect before receipt of an income withholding notice have priority unless the Internal Revenue Service agrees to an alternative priority.

Income withholding orders remain in effect until further notice. You will receive a notice if the terms of an order change, or when the order is no longer in force. You must keep the income withholding order on file and withhold the stated amount whenever the employee receives a paycheck. This applies to all employers, including temporary employment agencies, seasonal employers, and employers that periodically lay off and then rehire employees.

Employers' Costs and Charges for Income Withholding

You may deduct a fee from an employee's wages to offset withholding costs. You may deduct this fee from the employee's wages, commission check, or other sources of income, but not from the support payment. The fee does not affect the employee's gross income for calculating support amounts. By law, the fee must reflect the actual cost, but may not exceed \$3.00 per withholding.